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Market Development Reports

Food Business Line

Periodic Press Translations from ATO Tokyo

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Report Highlights: With the likelihood that the Japanese market for gourmet coffee has peaked, *Starbucks Coffee Japan* will review its new store drive for '100 stores per year'; meanwhile, *Suntory* announces that it will begin selling *E.&J. Gallo* wines in Japan as a pretext to their further collaboration; *Mitsui & Co.* plans to set up an off-shore poultry operation in Shandong Province, China; *Arcane* is asked to recall its French mushrooms from the market, which were found to have excessive amounts of radiation; the *National Honey Board* begins to conduct promotional activities in Japan and; the *Florida Department of Citrus* plans to highlight the 'preventive medicine' aspects of grapefruit to the Japanese consumer.

Includes PSD changes: No
Includes Trade Matrix: No
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Food Business Line

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Retail/Wholesale

- No Significant Articles

Food Service

- Chef Wolfgang Puck opened his first restaurant, "Wolfgang Puck Café" in Tokyo on September 30 at the central office building in Akasaka. (Gaishoku Journal 11/5)
- *Starbucks Coffee Japan* announced on November 6 that it now expects a 190 million parent-only pretax loss for the year ending March 31, 2003. CEO Mr. Tsunoda commented that the firm's new-store drive is blamed for a drop in same store sales and the sharp downturn in its earnings. *Starbucks'* mass openings of new shops eventually coincided with the lull after the boom in the once ever-expanding market for gourmet coffee. Consequently, its outlets started competing with each other for customers. *Starbucks* said it will review its plan of opening more than 100 new shops a year, and consider opening smaller outlets requiring smaller investments and closing the unprofitable locations. (a 11/7)
- *Foodx Globe* (formerly *Tully's Coffee Japan*) plans to launch a chain of Japanese green tea shops beginning in December. The green tea shops will offer about 20 drinks, including regular green tea, green powdered tea latte, and green powdered tea espresso. Domestically produced high-grade green tea leaves will be used. As consumers are increasingly interested in green tea, *Foodx Globe* aims to attract customers from a wide variety of age brackets, including the middle-aged and the elderly. (a 11/11)

Food Processing/New Products/Market Trends

- Japan's top wine producer, *Suntory* announced on October 30 that it will begin selling the wines of *E.&J. Gallo Winery* in Japan. As a first step, *Suntory* will import and sell *Gallo's* "River Crest" and two other wines starting next March. While *Gallo* hopes to enhance Japanese sales by taking advantage of *Suntory's* sales channels, *Suntory* aims to improve its wine-making technology and increase overseas wine sales. The two companies are studying the possibility of *Gallo* transferring its entire Japanese operation to *Suntory*. (a 10/31)
- *Mitsui & Co.*, plans to establish a chicken production and processing facility in China, aiming to produce chicken safely and cost-effectively. Naturally, *Mitsui & Co.* will be able to take advantage of low production costs in China, particularly labor. *Mitsui* will set up a joint venture with food companies in Taiwan and China by December 2002 to operate a poultry facility in Quingdao, Shandong Province. This will be the first off-shore chicken operation for the *Mitsui Group*, which now produces 27 million chickens a year in Japan via the *Dai-Ichi Broiler* brand. (a 11/8)

At 11 million tons a year, China is the world's second largest chicken producer after the U.S.

- Prices of tomato, green pepper, cucumber, and eggplant are rising significantly due to reduced plant yields brought about by sudden drop in temperature in the recent days. The price of cucumber is now twice the price level during the same period last year. Other similar price increases are found for each the following: eggplant 1.4 times, green pepper 1.6 times, and tomatoes three times the price level of last year. (b 11/14)

Food Safety/Consumer Awareness

- Tokyo Metropolitan Government notified the importer, *Arcane* on November 8 to recall the French mushroom "Pieds de Mouton" from the market, after an excessive amount of radiation residue was detected. (a 11/9)

ATO/Cooperator/Competitor Activities/Trade Shows

- BioFach Japan, an International Organic Trade Fair, will be held on December 5-7 at the Tokyo Big Sight. (f 11/7)
- *National Honey Board* announced plans to conduct promotional activities in Japan for the first time in ten years. It participated in the Health Ingredients Show that was held on November 9-11. (f 11/7)
- *Florida Department of Citrus (FDOC)* plans to highlight the 'preventive medicine' characteristics in its promotional activities for Florida grapefruits. Grapefruits are now well accepted by the Japanese households, and *FDOC* expects an increase in Japanese exports in the 2001-2002 term. (f 11/14)

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Sources

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| (a) The Japan Economic Newspaper | (b) The Nikkei Marketing Journal |
| (c) The Japan Food Journal | (d) The Beverage & Food News Commentary |
| (e) The Japan Food News | (f) The Food Industry News |

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